

# BCR GROUP DISCLOSURE REPORT 2023 Q3

*Pursuant to NBR  
Regulation no.5/2013  
on prudential  
requirements for  
credit institutions,  
with subsequent  
amendments, and  
Regulation (EU) No  
2019/876 (CRR2)  
amending Regulation  
(EU) No 575/2013  
(CRR)*

*Incorporated in  
Romania*

*Trade Register  
J40/90/1991*

*Unique Registration  
Code 361757*

*Bank Register RB-PJR-  
40-008/18.02.1999*

*[www.bcr.ro](http://www.bcr.ro)*



## BCR GROUP DISCLOSURE REPORT 2023 Q3

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## 1 Introduction

The provisions of the NBR Regulation no. 5/2013 on prudential requirements for credit institutions, with subsequent amendments, and Regulation (EU) No 2019/876 (CRR2) amending Regulation (EU) No 575/2013 (CRR) apply to BCR Group, hereinafter referred to as BCR Group. This Report is prepared on a consolidated basis (IFRS) according to NBR's Regulations. All information herein is presented as of September 30<sup>th</sup>, 2023, unless otherwise stated.

Following an overall frequency assessment of all Pillar 3 disclosures this quarterly report Pillar 3 Report provides principally an update to the areas mentioned below, which are also in line with the recommendations provided by the European Banking Authority ("EBA") in its Final Report – Final draft implementing technical standards on public disclosures by institutions of the information referred to in titles II and III of Part Eight of Regulation (EU) No. 575/2013 (EBA/ITS/2020/04) and Regulation EU 2019/876 of the European Parliament and of the Council of 20 May 2019.

Considering the above, areas which require that quarterly disclosures to be provided are as follows:

- Information on the overview of risk-weighted exposure amounts
- Information on the institution key metrics
- Information on the institution's LCR, its liquidity buffers, cash outflows, cash inflows and high-quality liquid assets, complemented by qualitative information

For the full set of information please refer to "BCR GROUP DISCLOSURE REPORT 2022" which is available on the BCR Group website (<https://www.bcr.ro/en/investors/transparency-and-public-disclosure>).

## 2 Overview of Non-applicable Disclosures

The following table provides an overview of the CRR 2 Articles which are not covered by the quarterly Disclosure Report alongside an explanation regarding the reason behind their non-applicability.

### 1 Non-applicable CRR 2 articles

CRR2 article number	Article description	Reason for non-applicable disclosure	Non-applicable templates
438 (h)	Disclosure of own funds requirements and risk-weighted exposure amounts	BCR Group calculates the risk-weighted exposure amounts under Standardized approach.	Template EU CR8 Template EU CCR7
438 (h)	Use of internal market risk models	BCR Group does not apply the internal market risk model.	Template EU MR2-B
447 (h)	Disclosure of key metrics	BCR Group is identified as an O-SII institution	
473 (a)	DISCLOSURE REQUIREMENTS COVERED: EBA/GL/2020/12	The full impact related to credit risk provisions calculated in accordance with IFRS 9 requirements is considered in the calculation of own funds, capital ratio and leverage ratio	

### 3 Overview of total risk exposures amount

#### DISCLOSURE REQUIREMENT COVERED BY: ART. 438 (d) CRR 2

Template EU OV1 on the overview of risk-weighted exposure amount (RWEA). This template provides an overview of the total RWEA forming the denominator of the risk-based capital requirements calculated in accordance with Article 92 of the CRR.

The regulatory capital requirements computed as of September 30<sup>th</sup>, 2023, for the credit risk, market risk and operational risk were as follows:

#### 2 Template EU OV1 - Overview of risk weighted exposure amounts

in RON million	Risk weighted exposure amounts (RWEAs)		Total own funds requirements
	09/30/23	06/30/23	09/30/23
<b>1 Credit risk (excluding CCR)</b>	<b>42,313.1</b>	<b>40,640.7</b>	<b>3,385.0</b>
2 Of which the standardised approach	42,313.1	40,640.7	3,385.0
3 Of which the Foundation IRB (F-IRB) approach	-	-	-
4 Of which slotting approach	-	-	-
EU 4a Of which equities under the simple riskweighted approach	-	-	-
5 Of which the Advanced IRB (A-IRB) approach	-	-	-
<b>6 Counterparty credit risk - CCR</b>	<b>405.4</b>	<b>386.0</b>	<b>32.4</b>
7 Of which the standardised approach	126.7	128.9	10.1
8 Of which internal model method (IMM)	-	-	-
EU 8a Of which exposures to a CCP	-	-	-
EU 8b Of which credit valuation adjustment - CVA	148.6	212.0	11.9
9 Of which other CCR	130.1	45.1	10.4
<b>15 Settlement risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>16 Securitisation exposures in the non-trading book (after the cap)</b>	<b>-</b>	<b>-</b>	<b>-</b>
17 Of which SEC-IRBA approach	-	-	-
18 Of which SEC-ERBA (including IAA)	-	-	-
19 Of which SEC-SA approach	-	-	-
EU 19a Of which 1250%	-	-	-
<b>20 Position, foreign exchange and commodities risks (Market risk)</b>	<b>97.4</b>	<b>62.8</b>	<b>7.8</b>
21 Of which the standardised approach	97.4	62.8	7.8
22 Of which IMA	-	-	-
EU 22a Large exposures	-	-	-
<b>23 Operational risk</b>	<b>7,809.1</b>	<b>8,045.1</b>	<b>624.7</b>
EU 23a Of which basic indicator approach	429.7	429.7	34.4
EU 23b Of which standardised approach	-	-	-
EU 23c Of which advanced measurement approach	7,379.5	7,615.4	590.4
<b>24 Amounts below the thresholds for deduction (subject to 250% risk weight)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>29 Total</b>	<b>50,625.0</b>	<b>49,134.6</b>	<b>4,050.0</b>

As of September 30<sup>th</sup>, 2023, the total RWA for BCR Group was 50,625 mn RON, with 1,490.4 mn RON higher as compared to June 30<sup>th</sup>, 2023 (49,134.6 mn RON). The increase in credit risk RWA (including CCR) by 1,691.8 mn RON was mainly driven by the positive development of loans to customers and off-balance sheet exposures.

## 4 Disclosure of key metrics

### DISCLOSURE REQUIREMENT COVERED BY: ART. 447 (a-g) CRR 2

Template EU KM1, on institutions' key metrics, has been developed in application of Article 447 of the CRR, and includes a summary of the main prudential and regulatory information and ratios covered by the CRR.

#### 3 Template EU KM1 – Key metrics

in RON million		09/30/23	06/30/23	03/31/23	12/31/22	09/30/22
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	8,731.3	8,765.6	8,820.3	8,814.5	7,942.4
2	Tier 1 capital	9,472.9	9,507.2	9,561.9	9,556.1	8,683.9
3	Total capital	10,716.5	10,748.0	10,799.2	10,793.0	9,178.8
<b>Risk-weighted exposure amounts</b>						
4	Total risk exposure amount	50,625.0	49,134.6	49,257.4	47,375.8	47,460.2
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	17.25%	17.84%	17.91%	18.61%	16.73%
6	Tier 1 ratio (%)	18.71%	19.35%	19.41%	20.17%	18.30%
7	Total capital ratio (%)	21.17%	21.87%	21.92%	22.78%	19.34%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.71%	3.71%	3.71%	4.09%	4.09%
EU 7b	of which: to be made up of CET1 capital (percentage points)	2.09%	2.09%	2.09%	2.30%	2.30%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.78%	2.78%	2.78%	3.07%	3.07%
EU 7d	Total SREP own funds requirements (%)	11.71%	11.71%	11.71%	12.09%	12.09%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.49%	0.49%	0.49%	0.49%	0.00%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	1.50%	1.50%	1.50%	1.50%	1.50%
11	Combined buffer requirement (%)	4.49%	4.49%	4.49%	4.49%	4.00%
EU 11a	Overall capital requirements (%)	16.20%	16.20%	16.20%	16.58%	16.09%
12	CET1 available after meeting the total SREP own funds requirements (%)	12.55%	13.14%	13.20%	13.90%	12.05%
<b>Leverage ratio</b>						
13	Total exposure measure	112,210.3	112,943.9	107,216.7	105,725.1	101,444.2
14	Leverage ratio (%)	8.44%	8.42%	8.92%	9.04%	8.56%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>						
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	34,787.7	32,268.1	29,157.8	28,651.9	29,151.5
EU 16a	Cash outflows - Total weighted value	22,302.5	21,874.0	20,464.8	19,709.1	18,607.2
EU 16b	Cash inflows - Total weighted value	3,695.4	3,704.0	3,800.0	3,956.1	3,750.9
16	Total net cash outflows (adjusted value)	18,607.1	18,169.9	16,664.8	15,753.0	14,856.3
17	Liquidity coverage ratio (%)	186.96%	177.59%	174.97%	181.88%	196.22%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	76,987.1	77,324.4	72,188.7	71,645.8	68,406.6
19	Total required stable funding	43,975.9	43,150.5	43,708.1	42,838.5	41,982.9
20	NSFR ratio (%)	175.07%	179.20%	165.16%	167.25%	162.94%

## 5 Disclosure of liquidity requirements

DISCLOSURE REQUIREMENT COVERED BY: ART. 451a (2) CRR 2

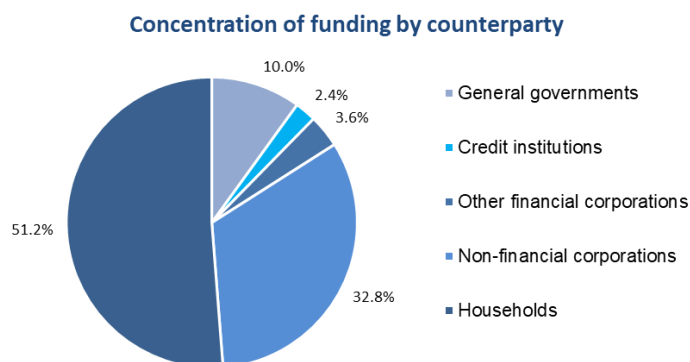
### Template on qualitative information on LCR

#### Concentration of funding:

- By counterparty and by product:

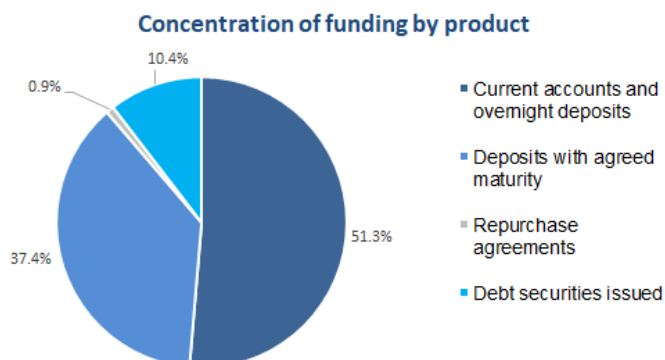
Compared with June 2023, the percentage of funding from households slightly increased in September 2023 from 49.8% to 51.2%, while the funding provided by non-financial corporations increased to 32.8%. At the same time, funding from credit institutions increased from 1.8% in June 2023 to 2.4% in September 2023. Also, in the same period, the percentage of funding from deposits with agreed maturity decreased from 39.7% to 37.4% while funding received from current accounts and overnight deposits increased from 49.3% to 51.3%.

#### 4 Concentration of funding sources (as of 30 September 2023 for BCR Bank)



- By top 10 funding providers: - the weight of first 10 funding providers in total funding is equal to 16.4%.

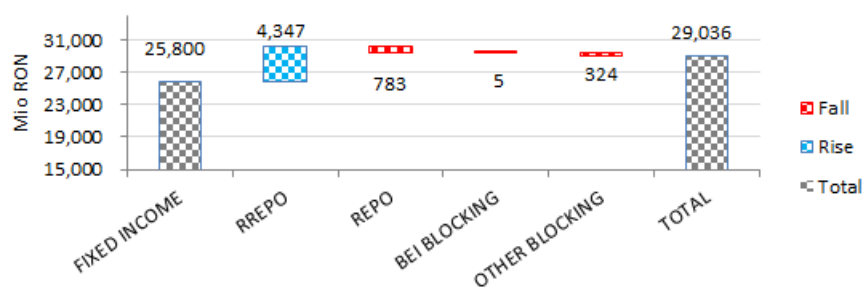
#### Concentration of liquidity sources:



Compared with June 2023, the total eligible, unencumbered fixed income portfolio increased from 26,380 mn RON to 29,036 mn RON.

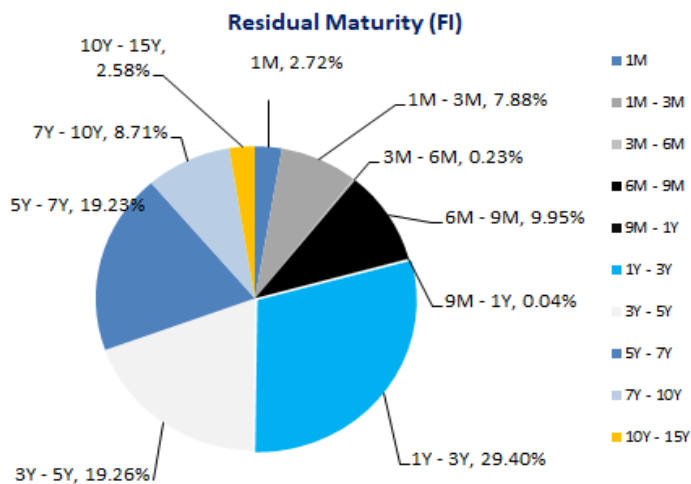
## 5 HLA Composition for BCR Standalone

HLA composition as of 30.09.2023 (eligible at BNR or ECB)

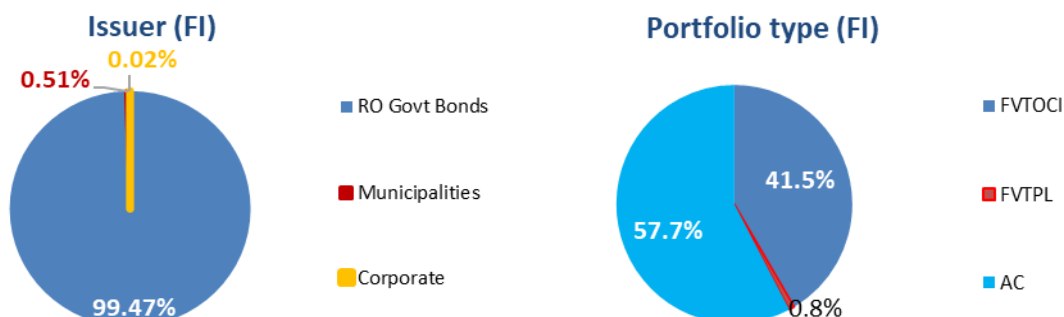


In addition to fixed income portfolio in amount of 29,036 mn RON, the liquidity buffer contains a stock of cash in amount of 3,258 mn RON and central bank assets in amount of 3,823 mn RON.

## 6 Portfolio split based on residual maturity, issuer and type (accounting) for BCR Standalone







### Derivative exposures and potential collateral calls

Derivatives in Trading Book are closed back-to-back with Erste Group Bank, except for FX swaps for which the bank can maintain open positions mainly for liquidity management purposes. The derivatives exposure as of 30.09.2023 is presented in the following table:

#### 7 Derivative exposures

As of 30.09.2023	TB/BB	Long (Assets)		Short (Liabilities)		Net Exposure
in RON million		Notional	MtM	Notional	MtM	MtM
IRS		3,134.93	142.62	3,134.93	142.62	0.00
	TB	3,134.93	142.62	3,134.93	142.62	0.00
	BB	0.00	0.00	0.00	0.00	0.00
CIRS	BB	0.00	0.00	0.00	0.00	0.00
FX Swap		1,806.80	11.74	3,979.71	8.52	3.22
	TB	233.00	1.49	2,396.86	3.81	-2.32
	BB	1,573.79	10.25	1,582.86	4.71	5.54
FX Option	TB	6.22	0.00	6.22	0.00	0.00
IR Option	TB	861.34	19.79	583.85	19.79	0.00
Forward	TB	110.43	1.01	107.44	0.83	0.19
<b>Total Exposure</b>		<b>5,919.71</b>	<b>175.17</b>	<b>7,812.16</b>	<b>171.76</b>	<b>3.40</b>

In LCR, the outflows related to derivative exposures are offset by inflows related to derivative exposures.

### Currency mismatch in the LCR

In BCR, the LCR is calculated in all major currencies that exceed 5% of the institution's total liabilities (EUR and RON). Thus, the liquidity buffer requirements must be determined for different currencies.

The distribution of the liquidity buffer in foreign currency is monitored monthly to ensure that net cash outflows in significant currencies (RON and EUR) are fully covered by liquid assets denominated in the same currency.

## 8 Composition of liquidity buffers by currency

weighted amounts, in RON million	BCR Bank		BCR Group	
	RON	EUR	RON	EUR
Liquidity buffer	22,794.9	12,868.4	23,462.1	12,873.6
Coins and banknotes	2,368.3	435.8	2,368.4	441.1
Withdrawable central bank reserves	-	287.0	-	287.0
Central bank assets	3,536.5	-	3,578.0	-
Central government assets	16,852.0	12,145.5	17,477.6	12,145.5
Regional government / local authorities assets	-	-	-	-
Multilateral development bank and international organisations assets	-	-	-	-
Extremely high quality covered bonds	-	-	-	-
(Member State, RW20%)	38.1	-	38.1	-
Corporate debt securities (CQS2/3)	-	-	-	-
Shares (major stock index)	-	-	-	-
Net liquidity outflow	10,648.8	7,653.9	11,079.2	7,551.0

### High-level description of the composition of the institution's liquidity buffer

The main component of Liquidity Buffer is represented by Fixed Income Portfolio. Other elements that are taken into consideration for Liquidity Buffer are: Cash, Excess/Deficit of Mandatory Minimum Reserves and Shares fulfilling the eligibility criteria laid down in the LCR Delegated Act.

This template below provides information on the institution's LCR, its liquidity buffers, cash outflows, cash inflows and high-quality liquid assets.

### 9 Template EU LIQ1 – Quantitative information on LCR

in RON million		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	09/30/23	06/30/23	03/31/23	12/31/22	09/30/23	06/30/23	03/31/23	12/31/22
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
<b>HIGH-QUALITY LIQUID ASSETS</b>									
1	Total high-quality liquid assets (HQLA)					34,787.7	32,268.1	29,157.8	28,651.9
<b>CASH - OUTFLOWS</b>									
2	Retail deposits and deposits from small business customers, of which:	43,100.9	42,778.6	42,837.1	43,489.4	3,369.1	3,340.1	3,340.3	3,390.8
3	Stable deposits	22,925.2	22,867.4	23,065.4	23,519.6	1,146.3	1,143.4	1,153.3	1,176.0
4	Less stable deposits	20,175.7	19,911.2	19,771.7	19,969.8	2,222.8	2,196.8	2,187.1	2,214.8
5	Unsecured wholesale funding	31,587.6	31,020.8	29,269.6	27,865.9	14,104.4	14,024.3	13,162.4	12,391.6
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	31,559.1	30,996.8	29,257.1	27,854.9	14,075.9	14,000.3	13,149.9	12,380.6
8	Unsecured debt	28.5	24.0	12.5	11.0	28.5	24.0	12.5	11.0
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	2,418.0	2,438.3	2,478.0	2,646.3	2,417.4	2,437.5	2,477.3	2,645.6
11	Outflows related to derivative exposures and other collateral requirements	2,417.3	2,437.5	2,477.2	2,645.5	2,417.3	2,437.5	2,477.2	2,645.5
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	0.7	0.8	0.8	0.8	0.0	0.0	0.0	0.0
14	Other contractual funding obligations	1,745.0	1,416.6	854.0	767.5	1,511.8	1,193.9	628.1	481.0
15	Other contingent funding obligations	23,342.2	22,516.4	21,452.3	19,923.4	899.8	878.0	856.7	800.1
16	TOTAL CASH OUTFLOWS					22,302.5	21,874.0	20,464.8	19,709.1
<b>CASH - INFLOWS</b>									
17	Secured lending (e.g. reverse repos)	3,077.7	2,055.9	1,495.9	1,460.1	-	-	-	28.3
18	Inflows from fully performing exposures	1,834.9	1,851.3	1,936.4	1,917.5	1,235.9	1,256.1	1,316.2	1,277.1
19	Other cash inflows	2,459.5	2,447.9	2,483.8	2,650.7	2,459.5	2,447.9	2,483.8	2,650.7
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	7,372.1	6,355.1	5,916.1	6,028.3	3,695.4	3,704.0	3,800.0	3,956.1
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	7,372.1	6,355.1	5,916.1	6,028.3	3,695.4	3,704.0	3,800.0	3,956.1
<b>TOTAL ADJUSTED VALUE</b>									
EU-21	LIQUIDITY BUFFER					34,787.7	32,268.1	29,157.8	28,651.9
22	TOTAL NET CASH OUTFLOWS					18,607.1	18,169.9	16,664.8	15,753.0
23	LIQUIDITY COVERAGE RATIO					186.96%	177.59%	174.97%	181.88%

LCR registered an increased compared to the previous quarter, however being significantly above the 100% regulated threshold due to the stock of high-quality liquid assets (HQLA). The HQLA registered an increase in Q3 compared to the previous period as a result of the evolution of the portfolio of securities issued by Central governments, while future net cash outflows registered an increase mostly supported by higher Unsecured wholesale funding.

**Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile**

The Bank considers that all the relevant information for its liquidity profile was already presented in this report.

## 6 Disclosure of international financial reporting standard 9 (IFRS 9) transitional arrangements

Starting with June 30<sup>th</sup>, 2022, BCR Group applied the transitory measures described in article 468 related to unrealized gains and losses for financial assets measured at fair value through other comprehensive income. The full impact related to this was considered in the calculation of own funds, capital ratios and leverage ratio. This transitional measure ended December 31<sup>st</sup>, 2022.

## 7 Abbreviations

A-IRB	Advanced Internal Rating-based Approach
ALCO	Assets and Liabilities Management Committee
AMA	Advanced Measurement Approach
ART	article
AT1	Additional Tier 1 capital
BB	Banking Book
BCR	Banca Commerciale Romana
BSM	Balance Sheet Management Division
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical capital buffer
CET1	Common Equity Tier 1
CRD	Capital Requirement Directive
CRM	Credit Risk Mitigation
CRR	Capital Requirements Regulation
CSD	Credit Spread Derivative
CVA	Credit Valuation Adjustment
EBA	European Banking Authority
ECB	European Central Bank
ECL	Expected credit loss
EGB	Erste Group Bank
EOY	end of year
EU	European Union
EVE	Economic Value of Equity
FTP	Funds Transfer Pricing
FVTOCI	Fair Value Through the statement of Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX	Foreign Exchange
GCM	Global Capital Markets
GEO	Government Emergency Ordinance
GL	Guideline
G-SII	Global Systemically Important Institutions
HLA	High Liquid Assets
HQLA	High Quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IMA	Internal Model Approach
IMM	Internal Model Method
IRB	Internal Rating-based Approach
ITS	Implementing Technical Standards
LCR	Liquidity Coverage Ratio
LR	Leverage Ratio
MB	Management Board
MLRM	Market and Liquidity Risk Management Department
mn	million
MtM	Mark to market

MVoE	Market Value of Equity
NBR	National Bank of Romania
NII	Net interest income
NPL	Non-Performing Loan
NSFR	Net Stable Funding Ratio
OLC	Operative Liquidity Committee
O-SII	Other Systemically Important Institutions
RW	Risk Weight
RWA	Risk Weighted Assets
RWEA	Risk Weighted Exposure Amount
S/L	Stop/Loss
SA	Standardized Approach
SB	Supervisory Board
SFT	Securities Financing Transactions
SPA	Survival Period Analysis
SREP	Supervisory Review and Evaluation Process
SRM	Strategic Risk Management
T1	Tier 1 capital
T2	Tier 2 capital
TB	Trading Book
TC	Total Capital
TDI	Trade Debt Income
VaR	Value-at-Risk